

Message Text

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ACTION AID-20

INFO OCT-01 EA-11 ISO-00 IO-14 TRSE-00 ABF-01 EB-11 OMB-01

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H-03 L-03 NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4904

INFO AMEMBASSY PHNOM PENH

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 12663

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SUBJ: CY 1975 ESF

REF: A. STATE 207604 B. TOKYO 14837, NOVEMBER 1973.

SUMMARY: EMBOFFS REVIEWED GOJ THINKING ON ESF WITH FONOFF REPS. THEY SAID NO DECISION OF GOJ PARTICIPATION IN 1975 HAS BEEN MADE, BUT DECISION WILL BE MADE FOLLOWING UN VOTE TAKING ALL FACTORS INTO ACCOUNT, I.E., UN VOTE, ACTIONS BY OTHER DONORS, SITUATION WITHIN KHMER, AND JAPANESE DOMESTIC POLITICAL SITUATION. IN EMBASSY VIEW, GOJ LIKELY TO CONTINUE PARTICIPATION IF UN VOTE FAVORABLE. IF VOTE UNFAVORABLE, CONTINUATION LESS LIKELY AND EVEN STRONG USG APPROACH WOULD NOT GUARANTEE SUCCESS. FOLLOWING DEPT AND EMBASSY PHNOM PENH REVIEW OF ESF USEFULNESS WE SHOULD INFORM GOJ OF OUR THINKING. FOLLOWING UN VOTE, ENTIRE SITUATION SHOULD BE REASSESSED. END SUMMARY.

1. ON SEPT 26 EMBOFF MET WITH KAZUHARA, DEPUTY DIRECTOR, FIRST SOUTHEAST ASIA DIVISION, FONOFF, TO REVIEW PRESENT GOJ THINKING ON ESF. KAZUHARA MADE THE FOLLOWING POINTS:

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A. SECOND TRANCHE OF GOJ 1974 CONTRIBUTION TO ESF WAS

MADE SEPTEMBER 26.

B. CIRCUMSTANCES HAVE NOT YET REQUIRED GOJ TO MAKE ANY DECISIONS REGARDING PARTICIPATION IN ESF IN 1975; AT PRESENT, GOJ IS WATCHING AND WAITING, AND GOJ THINKING IS SIMILAR TO POSITION TAKEN LAST YEAR RE PARTICIPATION IN ESF DURING 1974 (SEE, E.G., REF B). IN ULTIMATELY DECIDING WHETHER TO CONTINUE PARTICIPATION IN 1975, GOJ WILL TAKE INTO CONSIDERATION MANY FACTORS, I.E., UN VOTE ON KHMER REPRESENTATION QUESTION, PERFORMANCE OF USG AND OTHER DONORS, JAPANESE DOMESTIC POLITICAL PROBLEMS, SITUATION WITHIN KHMER, AND ACTIONS BEING TAKEN TO BRING ABOUT CESSATION OF FIGHTING WITHIN KHMER. IN EVENT OF UNFAVORABLE UN VOTE GOJ WILL NOT NECESSARILY CEASE PARTICIPATION, BUT RATHER TAKE ALL FACTORS INTO CONSIDERATION.

C. GOJ REGARDS ESF AS USEFUL AID MECHANISM AND IMPORTANT TO THE WELFARE OF THE KHMER PEOPLE; GOJ AWARE COLLAPSE OF ESF WOULD BE HARMFUL TO KHMER PEOPLE. THE MULTILATERAL FLAVOR ESF GIVES TO JAPAN'S AID IS ALSO DESIRABLE FROM THE GOJ'S VIEWPOINT. ON THE OTHER HAND, ESF PROVIDES FINANCIAL SUPPORT FOR KHMER'S CURRENT IMPORTS AND CONSUMPTION, AND GOJ FEELS THAT THIS KIND OF AID OPERATION (AS OPPOSED TO DEVELOPMENT-ORIENTED OPERATION) SHOULD NOT BE CONTINUED INDEFINITELY. DURING CONTINUATION OF ESF, EFFORTS SHOULD BE MADE TO IMPROVE ITS OPERATIONS. AT SAME TIME, GKR SHOULD BE ENCOURAGED TO DO MORE TO HELP ITSELF. (EMBOFF OBSERVED THAT ESF OPERATION HAD BEEN IMPROVED BY PROMULGATION OF NEGATIVE LIST, AND THAT GKR SELF-HELP EFFORTS WERE EVIDENCED BY RECENT ECONOMIC REFORM PACKAGE. KAZUHARA AGREED THAT THESE HAD BEEN USEFUL STEPS.)

D. IN THE EVENT ESF DONORS' MEETING SHOULD BE HELD PRIOR TO UN VOTE ON KHMER REPRESENTATION QUESTION, KAZUHARA SAID HE PERSONALLY BELIEVED GOJ WOULD SEND DELEGATE TO MEETING, THOUGH, AS IN PAST, GOJ WOULD BE UNABLE TO ANNOUNCE PLEDGE AT THAT TIME AS GOJ FY 75 BUDGET PROCESSES WOULD NOT HAVE BEEN COMPLETED.

E. REGARDLESS OF ESF'S FUTURE OR JAPAN'S CONTINUED PARTICIPATION IN ESF, GOJ WOULD CONTINUE HUMANITARIAN AID TO KHMER AS IN CASE OF RECENT GRANT TO RED CROSS IOG. HOWEVER, KAZUHARA SAID HE COULD NOT PREDICT

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WHETHER ADDITIONAL AID MIGHT BE GIVEN TO IOG TO COMPENSATE FOR HYPOTHETICAL CESSATION OF ESF OPERATION OR JAPAN'S WITHDRAWAL FROM ESF. FOLLOWING ACHIEVEMENT OF PEACE IN KHMER, JAPAN WILL BE WILLING TO HELP WITH RECONSTRUCTION AND DEVELOPMENT, HE SAID.

2. DURING CONVERSATION, EMBOFF, ALTHOUGH INDICATING HE HAD NO RECENT INSTRUCTIONS IN ESF, RECALLED ARGUMENTS

MADE LAST YEAR AGAINST CESSATION OF AID BY GKR SUPPORTERS SO LONG AS OTHER SIDE'S SUPPORTERS CONTINUE THEIR AID; NOTED THAT JAPAN'S ACTIONS WOULD UNDOUBTEDLY INFLUENCE OTHER DONORS OF AID TO GKR; AND RECALLED THAT AT RECENT US-JAPAN PLANNING TALKS US SIDE HAD URGED GOJ TO CONTINUE ECONOMIC ASSISTANCE EVEN IN EVENT UN VOTE WERE UNFAVORABLE.

3. DURING SEPARATE CONVERSATION WITH EMBOFF SEPT. 27, FIRST SE ASIA DIV DIRECTOR HANABUSA SAID, IN RESPONSE TO QUERY, THAT EVEN IF GKR LOSES CREDENTIALS FIGHT IN UNGA GOJ WOULD STILL INCLUDE ESF ITEM IN BUDGET. WHETHER ESF CONTRIBUTION WOULD FINALLY BE MADE, HOWEVER, WOULD DEPEND ON INTRA-GOVERNMENTAL DISCUSSIONS, POLITICAL CLIMATE, POLITICAL ATTITUDES WHICH DEVELOP FOLLOWING A GKR DEFEAT, AND, SPECIFICALLY, WHETHER RESOLUTIONS ARE INTRODUCED IN DIET DEMANDING CESSATION OF AID TO GOVERNMENT OUSTED FROM UNGA. HANABUSA NOTED IT WOULD BE MUCH EASIER TO DEFEND AID TO GKR AFTER A CONSTRUCTIVE FIGHT ON KHMER UNGA ISSUE, EVEN IF FIGHT WERE UNSUCCESSFUL, THAN WOULD BE THE CASE IF GKR'S FRIENDS RESORTED TO A TRANSPARENT EFFORT TO MERELY DEFER ISSUE TO SUBSEQUENT UNGA.

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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 12663

4. COMMENT. IF MIGHT BE USEFUL TO RECALL THAT FONOFF REPS EXPLAINED TO EMBASSY LAST YEAR THAT EITHER
A) ADVERSE UN VOTE ON KHMER REPRESENTATION QUESTION OR
B) TERMINATION OF PARTICIPATION IN ESF BY ANY MAJOR DONOR WOULD MAKE CONTINUED GOJ PARTICIPATION VERY DIFFICULT. AUSTRALIA SUBSEQUENTLY TERMINATED PARTICIPATION BUT UN VOTE WAS FAVORABLE. COMBINATION OF THESE FACTORS AND HIGH LEVEL EMBASSY APPROACHES URGING GOJ TO CONTINUE PARTICIPATION SUCCEEDED IN OBTAINING GOJ CONSENT TO PARTICIPATION IN 1974.

5. EMBASSY'S IMPRESSION IS THAT GOJ ENTHUSIASM FOR ESF HAS DIMINISHED DURING THIS YEAR. CONTINUING FIGHTING AND STALEMATE IN CAMBODIA AS WELL AS JAPANESE ALLEGATION THAT SUBSTANTIAL PORTION OF RICE GRANTED BY GOJ TO KHMER IN 1973 DISAPPEARED BEFORE REACHING PHNOM PENH HAVE CONTRIBUTED TO THIS GOJ FEELING.

6. IN EMBASSY VIEW, OUTCOME OF UN VOTE WILL BE MOST IMPORTANT FACTOR TO GOJ (EVEN THOUGH FONOFF REPS SAY OTHER FACTORS WILL ALSO BE CONSIDERED). GOJ NOT AT ALL LIKELY TO PLEDGE BEFORE UN VOTE HAS BEEN TAKEN.

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7. IF VOTE IS FAVORABLE, CONTINUED GOJ PARTICIPATION IS LIKELY AND HIGH LEVEL BUT RESTRAINED USG APPROACH WOULD PROBABLY ENSURE GOJ'S CONTINUED PARTICIPATION IN ESF EVEN IF (AS EMBASSY UNDERSTANDS WILL BE THE CASE) NEW ZEALAND DROPS OUT.

8. ON OTHER HAND, IF UN VOTE IS UNFAVORABLE, GOJ'S CONTINUED PARTICIPATION WOULD BE MADE MUCH LESS LIKELY AND EVEN HIGH LEVEL AND FORCEFUL USG APPROACH WOULD NOT GUARANTEE GOJ'S CONTINUED PARTICIPATION.

9. QUESTION USG WOULD HAVE TO FACE IN EVENT OF UNFAVORABLE VOTE IS WHETHER IMPORTANCE OF CONTINUED GOJ PARTICIPATION IN ESF IS SUCH THAT USG SHOULD USE EXISTING LEVERAGE AND GOOD WILL IN MAKING APPROACH ON THIS ISSUE, OR WHETHER SUCH LEVERAGE AND GOOD WILL WOULD BEST BE RESERVED FOR SOME OTHER ISSUE ON WHICH WE YET MORE STRONGLY DESIRE GOJ COOPERATION.

10. FOLLOWING EMBASSY PHNOM PENH AND DEPT'S REVIEW OF USEFULNESS OF ESF, WE BELIEVE USG SHOULD CONVEY OUT THOUGHTS TO GOJ. FOLLOWING UN VOTE, SITUATION CAN BE REASSESSED.
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